

# IIROC NOTICE

**Rules Notice**  
**Request for Comments**  
Dealer Member Rules

**Comments Due By: February 26<sup>th</sup>, 2018**

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*Please distribute internally to:*  
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Operations  
Senior Management  
Retail

**18-0019**  
**January 25<sup>th</sup>, 2018**

## **Continuing Education Rules – proposed amendments**

### **Executive Summary**

On January 1, 2018, we repealed existing Dealer Member Rule (DMR) 2900 – *Proficiency and Education: Part III – The Continuing Education Program* and the *Guidelines for the Continuing Education Program* and implemented Rule 2650 – *Continuing Education Requirements for Approved Persons* (the **CE Rules**).

We have been conducting an in-depth regulatory review of our CE program and consulting extensively with our Dealer Members. During these ongoing consultations, we received certain feedback that we wish to address resulting in substantive changes to our CE Rules that we are publishing for comment. The comment period is 30 days.



## How to Submit Comments

Comments should be made in writing and delivered by February 26<sup>th</sup>, 2018 to:

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Investment Industry Regulatory Organization of Canada  
416-943-4654  
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and to

Market Regulation  
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***Commentators should be aware that a copy of their comment letter will be made publicly available on the IIROC website at [www.iiroc.ca](http://www.iiroc.ca).***



## 1. Background

Over the course of the last year, we have been conducting an in-depth regulatory review of our continuing education (CE) program (CE Program). Although, there were aspects of our CE requirements we were still considering in the context of our in-depth review, we published certain CE-related proposed amendments as part of the proposed PLR Rule Book in March 2017<sup>1</sup> (the **March 2017 publication**). In April 2017, as part of our ongoing review, we published a separate CE consultation paper<sup>2</sup>. In that consultation paper we discussed proposed CE-related changes that were in addition to those published in the March 2017 publication. As well, we consulted with the Proficiency Committee, the National Advisory Committee, CE Subcommittee, and the Conduct, Compliance and Legal Advisory Section's Retail Subcommittee.

It was our priority to ensure that at the start of the next CE cycle on January 1, 2018 our CE Program was in place, since a delay in its implementation would require creation of an interim CE Program or a period with no CE requirements. Consequently, on January 1, 2018, we repealed existing Dealer Member Rule 2900 – *Proficiency and Education: Part III – The Continuing Education Program* and the *Guidelines for the Continuing Education Program* and implemented Rule 2650 – *Continuing Education Requirements for Approved Persons*. The CE Rules were implemented as stand-alone rules; separate from and in advance of the proposed plain language version of our Dealer Member rules (**proposed PLR Rule Book**) we have been working on.<sup>3</sup>

We received certain feedback in the course of our on-going review and are proposing changes to our CE Rules.

## 2. Substantive changes

We are proposing a few substantive changes to the CE Rules (the **proposed amendments**) set out in Appendices 1 and 2. These changes address inconsistencies in the CE Rules, support our goal of modernizing and simplifying the CE Program, and respond to comments received during the course of our on-going review of our CE Program.

### 2.1 Former Approved Persons

We rationalized and removed the provision permitting former Approved Persons to use rewrites of the Canadian Securities Course (CSC) and Conduct and Practices Handbook Course (CPH) to satisfy their CE requirements. The CSC and CPH are baseline licensing proficiencies and generally do not qualify for CE credits.

Under current DMRs, an exception exists for former Approved Persons. These individuals enter the CE cycle upon approval and are subject to the CE Rules in addition to their baseline licensing proficiencies.

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<sup>1</sup> See [Notice 17-0054](#)

<sup>2</sup> See [Notice 17-0095](#)

<sup>3</sup> See IIROC [Notice 18-0014](#) for the most recent publication on the proposed PLR Rule Book.



Under the CE Rules, all CE participants enter the CE cycle upon approval. Removal of this provision eliminates inconsistent treatment between newly approved and former Approved Persons.

In both the CE Rules and in accompanying guidance, we have clarified that the goal of CE is to enhance and further develop an individual's baseline licensing proficiencies.

## **2.2 Voluntary Participation Program**

In the March 2017 publication, the voluntary participation program (**VPP**) was amended to only extend the validity period of the CSC. IIROC continues to reinforce the role of the CPH as a cornerstone of IIROC's proficiency platform.

The feedback we received from our ongoing consultations was to eliminate the VPP entirely or to limit its use to former Approved Persons and only for one cycle. At this stage, we propose limiting participation in the VPP to former Approved Persons for one CE cycle.

As we continue to review the VPP, there may be only limited courses available on the VPP course list or no additional courses added. An individual may also have to complete one or more than one course on the VPP course list to demonstrate equivalency to the CSC.

## **3. Alternatives considered**

The CE consultation paper we published in April 2017 discusses the issues we considered. The consultation paper discussed certain CE-related proposed amendments, within the context of the broader review of our CE Program, including the goal and scope of CE, compliance training manual, the two-year cycle, and grandfathering.

The consultation paper also raised additional matters to consider for future guidance, and for subsequent phases of our CE review following the implementation of the CE Rules. These additional matters include the recognition of the CE requirements of other regulated platforms, CE accreditation, VVP, and extension of CE requirements to other approval categories.

## **4. Impact of the proposed amendments**

There will be material impact on Dealer Members and former Approved Persons who will no longer be able to use the CSC and CPH to satisfy their CE requirements and consequently will need to take other courses that satisfy the CE requirements. We do not believe this is an unreasonable requirement as it results in consistent treatment of new and former Approved Persons.

## **5. Policy development process**

### **5.1 Regulatory purpose**

In addition to what we have discussed in this Notice, the proposed amendments will also:

- (i) establish and maintain rules necessary or appropriate to govern and regulate all aspects of IIROC's functions and responsibilities as a self-regulatory entity



- (ii) ensure compliance with securities laws
- (iii) foster fair, equitable and ethical business standards and practices
- (iv) promote the protection of investors.

We classified the proposed amendments as a public comment rule proposal due to the substantive nature of these proposals and their importance in achieving the goal of our CE regime to enhance and further develop an individual's baseline licensing proficiencies.

## **5.2 Regulatory process**

IIROC's Board of Directors (**Board**) determined the proposed amendments to be in the public interest and on November 29, 2017 approved the proposed amendments for publication for public comment.

IIROC consulted Dealer Members extensively throughout the development of the proposed amendments including consultations with the Proficiency Committee, National Advisory Committee, CE Subcommittee, and the Conduct, Compliance and Legal Advisory Section's Retail Subcommittee.

After considering the comments on the proposed amendments received in response to this Notice together with any comments of the Recognizing Regulators, IIROC may recommend changes to the proposed amendments. If the changes and comments received are not of a material nature, the Board has authorized the President to approve the changes on behalf of IIROC and to seek approval of the proposed amendments from the Recognizing Regulators. If the changes or comments are material, the proposed changes will be submitted to the Board for approval for republication or implementation.

## **6. Attachments**

[Appendix 1](#) – Proposed amendments (blacklined)

[Appendix 2](#) – Proposed amendments (clean)